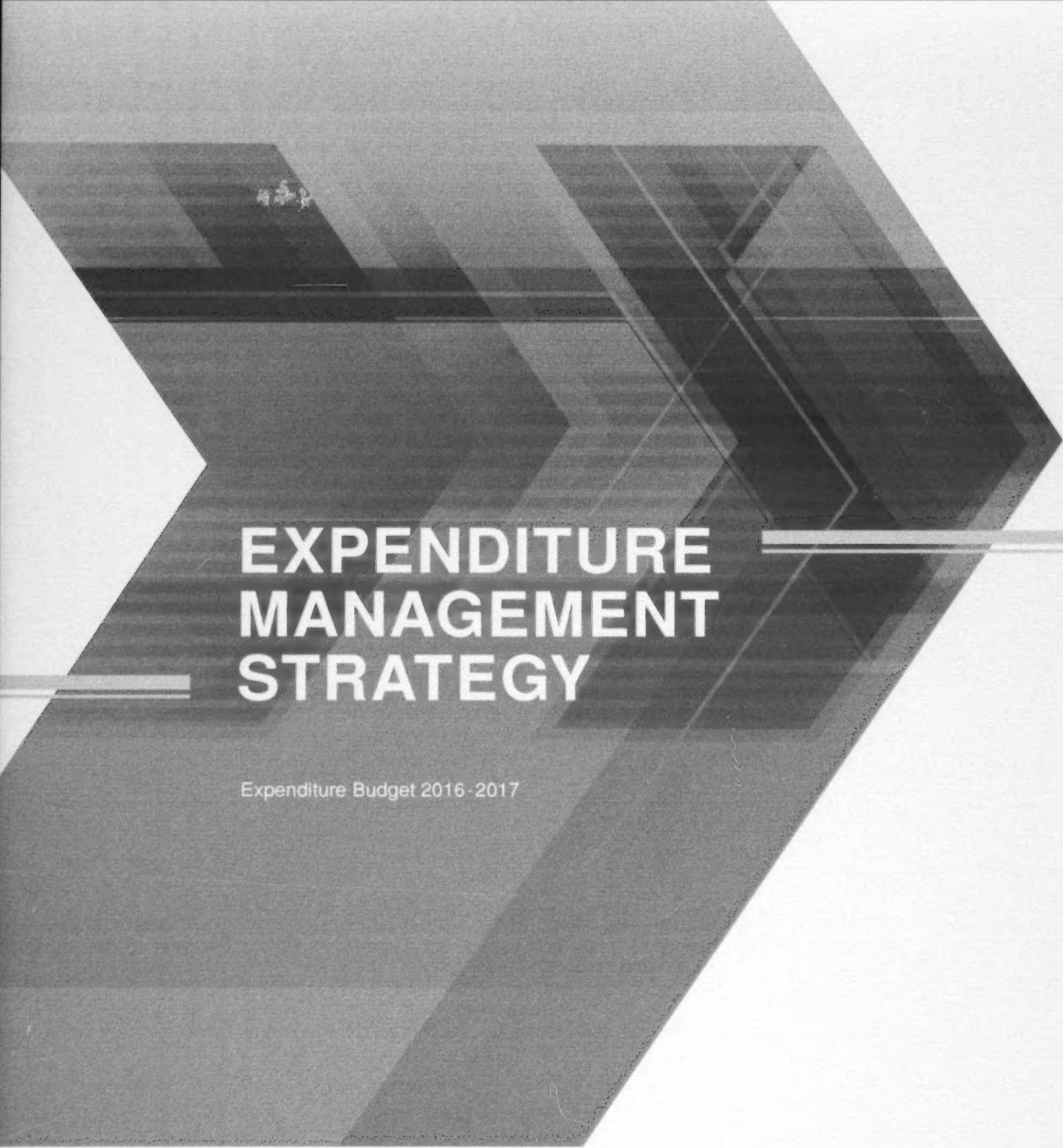


EXPENDITURE MANAGEMENT STRATEGY

2016 • 2017

Expenditure Budget 2016 • 2017





EXPENDITURE MANAGEMENT STRATEGY

Expenditure Budget 2016 - 2017

Expenditure Management Strategy

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MESSAGE FROM THE CHAIR

From the moment this Government came to office, we have been committed to restoring public finances. This was essential if we were to have the means to achieve our ambitions for the future. One thing is certain: continuing along the deficit path was not a viable option for a responsible Government—we have a duty to ensure a prosperous Québec for generations to come.

We promised to achieve a balanced budget for the 2015-2016 fiscal year. And we have kept this promise. In fact, spending growth objectives were met for a second consecutive year— a first in 20 years. Moreover, in a recent survey conducted by the Fraser Institute, our Government ranked second among Canadian provinces for its fiscal and budget policies. This improved financial situation has restored the Government's ability to make choices.

Actions accomplished over the last two years have reduced the efforts that need to be made in 2016-2017. Remember that this would have been greater than \$6 billion if nothing had been done.

Therefore, after limiting growth in program spending to 1.6% and 1.7% in 2014-2015 and 2015-2016 respectively, the Government has sufficient leeway now to reinvest in such priority sectors as health, education, family and economy. We are therefore gradually returning to higher expenditure growth rates of 2.7% in 2016-2017 and 2.8% thereafter, which remain nevertheless below the growth rate in revenue. This improved situation will also allow us to make economic development the driving force behind our strategy through the implementation of the Northern Plan, the Maritime Strategy and the Transportation Electrification Action Plan, which together will create quality jobs in Québec.

Efforts made over the past two years have borne fruit. However, we must continue our work to maintain a balanced budget and find the leeway required to fund priorities and deal with unexpected circumstances. As such, controlling public finances is an ongoing process.

An aging population and the burden of public debt are important issues for Québec. To tackle these concerns, we must ensure sound management of public finances. To this end, continued efforts will be made to review government programs and structures, as well as to reinforce government expertise in key areas, optimize the use of information technologies and improve the framework for managing resources. This way, we will be better prepared to face the challenges together, while maintaining full control of our choices.

The Minister responsible for Government Administration
and Ongoing Program Review
and Chair of the Conseil du trésor

Sam Hamad

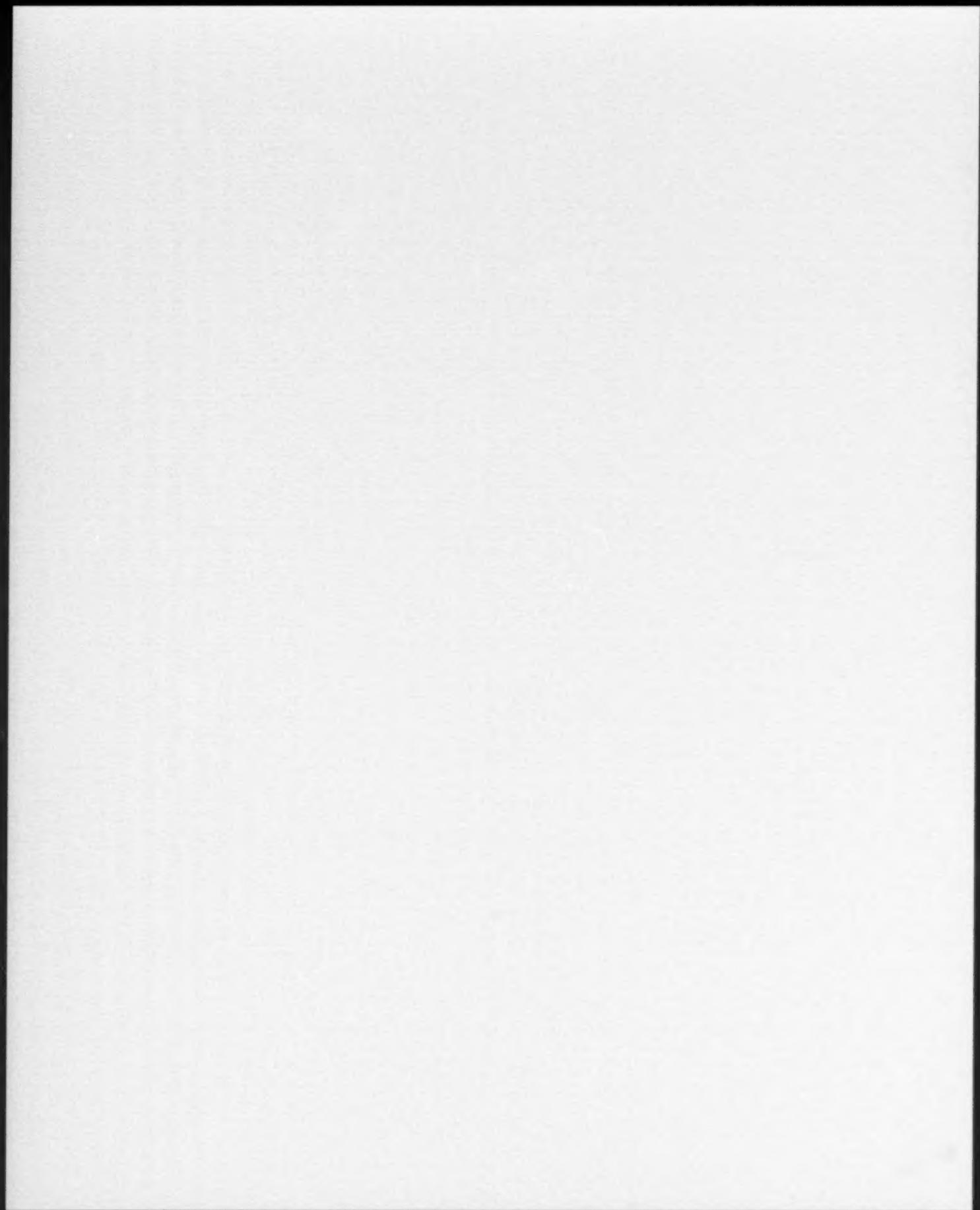




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CHANGES IN PROGRAM SPENDING

2015-2016 RESULTS AND 2016-2017 PRIORITIES

The 2016-2017 Budget fulfills the Government's promise to return to a balanced budget. The Government now commits itself to maintain this balance by presenting a balanced financial framework over the next five years that plans annual contributions to the Generations Fund. This responsible approach will allow the Government to respect its debt-reduction targets and thus allow for greater equality between generations.

The return to a balanced budget is a direct consequence of the Government's rigorous management of program spending, which will meet the target set for a second consecutive year—a first in 20 years. Moreover, the Government has taken significant structural actions to ensure the predictable funding of public services and improve the efficiency and effectiveness of its actions. For example:

- Partnership Agreement with municipalities for the 2016-2019 period;
- Agreement on childcare services funding;
- Agreement in principle on the renewal of collective agreements for the 2015-2020 period;
- Reorganization of the health network;
- Significant reduction in public sector staffing;
- Merging of government bodies.

These measures and the vigilance in our efforts to control public spending have paid off. Consequently, we can now reinvest in areas that are consistent with Quebecers' priorities. As of 2016-2017, the Government will inject significant funds into education and higher education.

- These investments will primarily serve to implement the education and higher education success plan.
- To remedy the situation of dilapidated schools, the Government will allocate funds as of 2016 to renovate educational infrastructures in order to provide pupils and students with a healthy learning environment.

To ensure a good quality of life to Quebecers, additional funds will be allocated to the health sector. A large share will be allocated to:

- Provide in-home services;
- Develop services for children and adults with autism spectrum disorders;
- Improved access to surgical services.

Lastly, significant funds are allocated to economic development in order to improve Quebecers' quality of life.

Furthermore, the Government will continue its efforts to improve government performance and control spending. Therefore other improvements are underway or planned. For example:

- In the healthcare network, work is continuing to implement a new patient-based funding model;
- Work on reviewing programs is also continuing with, among other things, the implementation of an ongoing program review mechanism and the implementation of interdepartmental tables.

The Government will continue to work relentlessly in order to maintain the results of collective efforts made over the past two years and face the future with confidence.

FUTURE CHALLENGES

Although the Government presents encouraging results in terms of Québec's financial situation today, major challenges lie ahead. To preserve its sound financial position, Québec must be able to adapt to the realities of an uncertain environment.

The risks associated with economic growth were highlighted recently by turbulence in financial markets, by a larger-than-expected contraction in emerging resource-based economies, as well as, closer to home, by the drop in the price of oil resources. In the context of a constantly changing global economy, Québec needs to find and maintain some budgetary leeway. To do this, growth in government spending will need to be under control.

Québec is facing a real demographic challenge, which has unprecedented consequences on the economic development of Québec society. The impact of an aging population must be taken into consideration when making choices that will ensure a good quality of life for Québécois. Furthermore, significant investments are needed for quality public infrastructures due to the deterioration of the government asset inventory.

The debt reduction objective remains a priority, though. It is therefore important to maintain a balanced budget and continue investing in the Generations Fund to ensure the financial health of future generations. Efforts are ongoing to address these challenges. Together we have taken a major step toward restoring our collective financial capacity. We should now continue in this direction, using all the collective potential to ensure budgetary leeway in meeting Québécois' current and future priorities.



BUDGET APPROACH

INCREASE IN EXPENDITURES AND EFFORTS REQUIRED FOR 2016-2017 AND 2017-2018

Based on the increase in expenditures over the last two years in line spending growth, the gap to eliminate for 2016-2017 in order to respect the program expenditure objective of \$84,200 million would have amounted to more than \$8 billion. This objective represents a growth of 3.7% compared to the 2015-2016 probable expenditures.

Realized that after taking account of these measures, the 2016-2016 Expenditure Budget identified for 2017-2017 a gap to eliminate of \$800 million in program spending. This gap has been reduced to \$800 million following the update of program renewal costs in the next year. The departments and bodies identified measures that would eliminate the gap, such that all of the efforts required to meet the spending growth objective for 2016-2017 have now been addressed.

Table 1

Gap to eliminate in program spending

(millions of dollars)

	2016-2017	2017-2018
Gap to eliminate	\$800	\$1,700
Measures identified by departments and bodies	(\$800)	(\$800)
Remaining gap to eliminate	0	\$900

1. Corresponding to 2016-2017 is the remaining gap to eliminate of \$800 million presented in the 2016-2016 Budget, up \$80 million following a review of program renewal costs.

Over the following year, the departments and bodies will identify measures to eliminate the gap of \$800 million for 2017-2018.

MEASURES IDENTIFIED BY THE DEPARTMENTS AND BODIES

To eliminate the gap of \$895 million in 2016-2017, the departments and bodies will continue their administrative and optimization efforts to improve the efficiency and effectiveness of government action by implementing, among others, the following measures:

- Reduction in the cost of government communications;
- Joint procurement in the health and social services network;
- Continuation of work for the adoption of best practices to improve the relevance of health and social services as well as the efficiency of physical health services;
- Continued review of the organizational structure of the Sûreté du Québec;
- Optimization of needs for detention centres;
- Rationalization of various expenditures in the Transports, Mobilité durable et Électrification des transports portfolio;
- Bundling of government services in rural regions;
- Efficiency gains following the merger of bodies responsible for labour management;
- Suspension of bonuses for senior management and management personnel in government departments and bodies;
- Reduction in government contributions paid to La Financière agricole du Québec following the favourable situation that prevails in the agricultural product markets;
- Implementation of a new funding structure for childcare services;
- Repatriation of certain activities of Québec immigration offices to Montréal;
- Reduction in the use of external professional services.

UPDATING THE BUDGET PROCESS

MORE TRANSPARENT PUBLIC EXPENDITURES FOR THE BENEFIT OF CITIZENS

The expenditure budget plays an essential role in the budget management process as, based on the information it contains, the National Assembly authorizes the estimates of the departments and bodies, and the Conseil du trésor monitors expenditures. Consequently, the presentation of appropriations is both a communication and accountability tool for parliamentarians and the population, and an essential tool for the rigorous and informed management of public funds.

The current expenditure budget presentation structure was implemented in the 1970s. The gradual adjustments made over the years now imply that the presentation of budget information varies from one department portfolio to another. This type of disparity in the presentation of the budget information can lead to situations where it is more difficult to make the connection between resource allocation and the objectives pursued. In order to improve transparency and budget management, the Government would like to standardize the budget's presentation and breakdown based on best practices.

Over the last few years, these types of improvements were implemented by other jurisdictions like the Government of Canada, whose expenditure budget transformation between 2005 and 2009 has become an international standard. In addition, certain departments have already made significant efforts to review their budget structure. Since 2015-2016, the Ministère de la Santé et des Services sociaux has improved the breakdown of the various services offered to the public, thereby clarifying the relation between objectives pursued and the resources invested.

Starting in 2016-2017, the Secrétariat du Conseil du trésor will progressively undertake work to document best practices and make a diagnosis, and subsequently review the current budget structure in collaboration with the departments and bodies. Ultimately, transparency and cost control will be strengthened, promoting a more efficient use of program results in budget preparation and monitoring.

MORE REGULATED AND MONITORED SUBSIDIES AND FINANCIAL ASSISTANCE

The granting of subsidies and other types of financial assistance to various stakeholders in society by the Government constitutes a powerful lever for action to support the development of the entire Québec population. For subsidies and financial assistance to be truly effective, they must be granted to the right persons and organizations and they must meet priority and clearly defined needs, in keeping with government orientations.

It is within this perspective that work to update the Government's approach to managing the granting of subsidies was announced by the Government in the 2015-2016 Budget. The work the Secrétariat du Conseil du trésor has begun since then has, on the one hand, improved financial assistance programs to make them more targeted and accurate. On the other hand, out of a concern for transparency to Quebecers and parliamentarians, the ongoing work also aims to ensure that financial assistance programs have measurable goals and are subject to monitoring and quality accountability.

The work will continue in 2016-2017 to ensure that regulatory and administrative adjustments are made to the granting of financial assistance. The Secrétariat du Conseil du trésor will also provide the departments and bodies with ongoing support in integrating the Government's new approach into their management practices. In that sense, the Secrétariat du Conseil du trésor has begun drafting a guide for the departments and bodies responsible for financial assistance programs. It has also begun developing a standardized annual picture of all subsidies and other financial assistance across the Government. This work will lead to a sounder use of public funds.

WORKFORCE AND REMUNERATION MANAGEMENT AND CONTROL

RENEWAL OF THE CONDITIONS OF EMPLOYMENT OF PUBLIC AND PARA-GOVERNMENTAL SECTOR PERSONNEL

The collective agreements of the almost 500,000 unionized Government employees are renewed in a context where the Government has committed to both balancing the budget in 2015-2016 and subsequently maintaining this balance without increasing Quebecers' tax burden. The Government concluded agreements in principle that respects these parameters with the main large unions including those regrouped as the Front commun as well as the Fédération interprofessionnelle de la santé du Québec and the Fédération autonome de l'enseignement.

These agreements in principle is part of the Government's objective to limit growth in program spending in the coming years, while respecting the financial commitments resulting from collective agreements or labour rights legislation. In its negotiations, the Government took into account all labour costs, including the costs linked to pay scale increases, retiring employees and pay equity.

These agreements will thus correct inconsistencies in the compensation structure, consolidate the sustainability of retirement plans, improve equity among participants, reduce financial risks regarding complaints and grievances in the public and para-governmental sectors, as well as promote greater flexibility in the organization of work across sectors.

As soon as the agreements in principle are concluded with the Government, the unions will submit them to their members. Once members have ratified them, the agreements must be integrated into the collective agreements.

The Government is continuing its discussions with the groups for which there is still no agreement in principle. The objective is to renew these collective agreements within the financial framework it has set out and in the same spirit that guided the Government in its negotiation with the main large unions. It is a question of fairness.

In 2016-2017, the Government must also renew the conditions of employment of management and non-union personnel from the public and paragovernmental sectors.

WORKFORCE MANAGEMENT AND CONTROL

In December 2014, the Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises was adopted. This act facilitates the accurate setting of Government staffing numbers. It also enables the Government to exercise control over the workforce outside the public service bodies, in addition to the control already exercised over public servants.

Due to these new legislative provisions, the Government has better control over the evolving size of the Government, and can ensure that this evolution is consistent with government orientations and citizens' priorities. This is already translating into concrete results that are reducing pressure on expenditures.

ASSESSMENT OF EFFORTS MADE

The staff level used by the Government is an important indicator of the agreed efforts made to improve productivity and limit expenditure growth. For 2015-2016, the Government had announced ambitious workforce control objectives, namely:

- A global 2% reduction of workforce level compared to the 2013-2014 public service;
- An overall staffing freeze compared to the 2014 organizations outside the public service.

The forecast data for 2015-2016 demonstrates that the Government is on track to significantly exceed its overall objective. In fact, the expected staffing level is showing a decrease of 7,158 full-time equivalents (FTEs) or 1.5% compared to the 2014-2015 financial year. This decrease is composed of:

- 2,268 FTEs (3.3%) in the public service;
- 4,890 FTEs (1.2%) in the organizations outside the public service.

For the public service, this represents a total reduction of 3,705 FTEs (5.3%) compared to the 2013-2014 financial year. It should be pointed out that these results were obtained despite the fact that, over the course of previous years, the total workforce has grown on average by more than 5,000 FTEs annually. This is, therefore, a trend reversal and evidence of a major government administration effort.

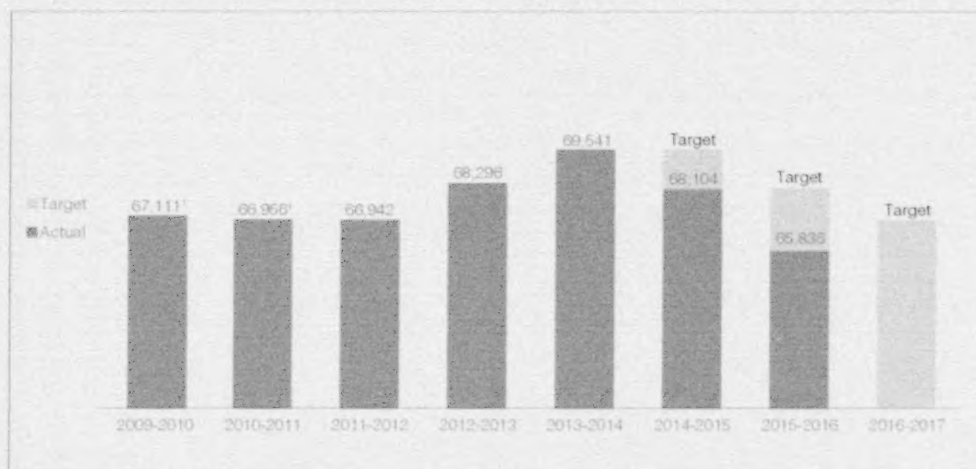
STRATEGY FOR 2016-2017

In 2016-2017, the Government is entering a period of consolidation to allow organizations to complete their review of the methods used, and improve productivity, which is required to sustain a reduction in staffing level as significant as the one recorded over the last two years. The Government is nevertheless reducing its overall staff target level for the public service and bringing it back to a level equivalent to the one recorded in 2011-2012.

Chart 1

Workforce management - Public service

(Paid hours transposed into FTEs based on a 35-hour week)



¹ Estimates based on the results calculated according to the definition of full-time equivalents used until 2015-2016 (refer to the "Paid Hours" on the next page)

In terms of the workforce outside the public service, the Government plans to continue applying the control measures for the period from April 1, 2016 to March 31, 2017. The global staffing freeze objective will therefore be renewed to its 2014-2015 level.

PAID HOURS

Over the last year, the Government has continued to implement the Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises, which ensures a more rigorous workforce monitoring and control, in particular for organizations outside the public service. For this purpose, the measure retained is the number of paid hours. Contrary to the FTE notion used until now for controlling the staff subject to the Public Service Act, the concept of paid hours includes:

- Overtime;
- Personnel on early retirement.

In the interest of consistency, the staff level for the public service will also be determined in paid hours starting with the 2016-2017 fiscal year. The new measure permits improved workforce control as it:

- Presents a portrait that more closely reflects the real staffing cost;
- Is better adapted to the reality of the departments and bodies, whose lack of resources was compensated by an increase in overtime hours, which should translate into improved efficiency for certain activities.

It should however be noted that, to facilitate the interpretation of the results, these hours are generally reconverted into FTEs based on a 35-hour week.

REDUCING OUTSOURCING AND REINFORCING INTERNAL EXPERTISE

The Government undertook reducing outsourcing and reinforcing internal expertise in key government activity sectors, in particular to guarantee better control of its decisions. A strategy is currently being developed to this effect, and will include a separate staff level envelope to replace external resources with internal resources. Overall, the increasing effect of the strategy on the internal staff level will be compensated by an equivalent and sustained reduction in external resources. Beyond reinforcing expertise, this strategy will generate savings, the cost of internal resources being lower than the cost of external resources.

Efforts to that end are however already underway, for example at the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports and at the Centre de services partagés du Québec. The latter has been able to reduce its external resources by more than 30% since February 2014.

In addition, as part of the discussions on the renewal of collective agreements, several measures are being contemplated to maintain and enhance the know-how and skills of internal personnel resources in certain activity sectors.

REVIEW OF PROGRAMS, STRUCTURES AND BODIES

IMPLEMENTATION OF AN ONGOING PROGRAM ASSESSMENT AND REVIEW MECHANISM

The agreed efforts of the past two fiscal years have enabled Québec to break the cycle of budget deficits in which it had found itself. This return to balance remains fragile, however. It is now essential to maintain the leeway required to support such important sectors as education, health, families and economy.

The Government has therefore taken the required steps to assess programs, so as to ensure they are effective and meeting the needs of citizens, as well as ensuring optimal allocation of resources. Pursuant to the recommendations of the Commission de révision permanente des programmes, an ongoing program review mechanism was instituted to ensure that the programs continue to respond to the context and needs as effectively and efficiently as possible.

To this end, a departmental committee for program review was formed to set out the Government's orientations in this area. The Bureau de révision permanente des programmes was also formed under the Secrétariat du Conseil du trésor to assist the Chair of the Conseil du trésor in determining the orientations and planning the review work, to support the departments and bodies, and to direct the review work entrusted to it.

CURRENT PROGRAM REVIEW

Following the unveiling of the second report issued by the Commission de révision permanente des programmes, the Government announced its intentions for following through on several of the program review recommendations. Consequently, the departments concerned were also given review mandates.

The Government firmly believes that the Québec State is has a key role in economic development. For everyone to benefit, it is essential that our actions with businesses and economic partners be as optimal and relevant as possible. The Minister of Economy, Science and Innovation has been mandated to examine direct government assistance to businesses. The target objective is to simplify procedures for companies and improve program effectiveness while reducing costs. The Minister is also tasked with examining government activities relating to exportation, the search for investments, and proposing ways to maximize their impact on the Québec economy.

The Government's employment and training approach is strategically important for the public, given its implications, in particular, for the competitiveness of Québec businesses and workers in a global economy. The Minister of Employment and Social Solidarity, the Minister of Education, Recreation and Sport and the Minister responsible for Higher Education have for their part been mandated to ensure the coordination of the review of government activities relating to employment and training. This work will analyze the interactive mechanisms among the various stakeholders and present a streamlined decisionmaking process to improve training-employment fit. It will also define the actions needed to promote the occupational training stream, ensure better coordination between secondary and collegial occupational streams, and achieve an improved alignment between labour needs and training, as well as examine businesses' involvement in the process.

It is essential that government administration achieve greater efficiency and effectiveness. To this end, the Minister of Finance has been mandated to improve the efficiency of the Société des alcools du Québec (SAQ) and the Agence du revenu du Québec (ARQ). The Minister of Finance therefore asked the SAQ to craft a performance-focused management framework to reduce the expense-to-net-revenue ratio of the SAQ, so that it may achieve comparable results to similar models in other administrations.

The Minister of Finance asked the ARQ to curb its operating expenditures to a level that is sustainable and comparable to that of the Government, in order to enhance revenue administration efficiency. As part of this mandate, the ARQ also made public in January 2016, an action plan to maintain positive and quality relations with taxpayers.

Moreover, Services Québec should become the main entry point for government services for citizens and businesses across Québec. To this end, the Government is focusing on optimal use of resources to perpetuate its service offering and ensuring a government presence in all regions.

Lastly, as part of its work, the Commission de révision permanente des programmes are continuing regarding Québec's international activities and support for culture. With regards to financial assistance to municipalities, the Minister of Municipal Affairs and Land Occupancy, has been mandated to make public an update of the transfer payments from the Government to the municipalities and to include in this update the accountability requirements applied to the municipalities, as per the Rapport du Groupe de travail sur la simplification des redditions de comptes des municipalités au gouvernement.

REVIEW OF STRUCTURES AND BODIES

During 2016-2017, the Government will continue the work of reviewing government bodies and structures that was begun in 2015-2016. As such, the mergers announced in last year's budget will proceed according to the Government's plan.

On January 1, 2016, the Commission administrative des régimes de retraite et d'assurances (CARRA) and the Régie des rentes du Québec (RRQ) joined to form a single body called Retraite Québec, and therefore created a hub of retirement expertise. All of CARRA's and the RRQ's current services will continue to be offered under this new body. As such, in addition to constituting a publicsector hub of retirement expertise, the merged body will foster significant efficiency gains in service delivery and generate savings of \$20 million per year beginning in 2018.

On January 1, 2016, the Commission des normes du travail (CNT), the Commission de l'équité salariale (CES) and the Commission de la santé et de la sécurité du travail (CSST) merged to become the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST). As such, the CNESST is tasked with promoting labour rights and obligations, and ensuring Québec workers and employers abide by them. This reorganization will enable the staff of these bodies to pool their expertise and knowhow and enhance the quality of their services, in particular, by simplifying procedures and by generating annual savings of \$8 million after three years' time. Therefore, as of January 1, 2017, the annual contribution payable by employers to the CNESST will decrease from 0.08% to 0.07% of payroll.

As announced in the 2015-2016 Budget, the Government proceeded with the amalgamation of administrative labour courts. On January 1, 2016, the Commission des lésions professionnelles (CLP) and the Commission des relations de travail (CRT) were merged to form the Administrative Labour Tribunal. The resulting body will ensure more efficient and responsible management of administrative court activities as well as offer improved coverage across the Québec territory. Recurring management savings in the amount of \$6.9 million is forecast starting from the third year. In 2016-2017, the Government will examine the possibility of merging other bodies that exercise administrative tribunal functions.

The Ministère de la Culture et des Communications is continuing its work to integrate the Régie du cinéma into its department, as announced in the 2015-2016 budget. This Department's mandates and orientations for the coming years will be reviewed with the aim of pooling the two bodies' resources and expertise, while at the same time ensuring greater service efficiency.



SOUND MANAGEMENT OF INFORMATION RESOURCES

The Government unveiled an information technology (IT) strategy in June 2015 with the goal of making information technology a driving force for change and innovation in its bid to reduce costs and improve services to the public and businesses. The strategy proposes significant changes, not only to the ways the Gouvernement du Québec governs, manages and invests, but also to the way it thinks about IT.

As the Government is focusing efforts on tightening expenditure management and modernizing the Québec State, it is crucial that its actions also decisively engage the information technology sector.

Sound management of information technology is required in order to:

- Prioritize the right investments;
- Reduce costs within the Government;
- Foster greater improvements in customer service;
- Strengthen internal expertise.

STRENGTHENED GOVERNANCE

Presently, the chief information officer has the authority only to conduct consultations and make recommendations. He coordinates the activities of over 120 information officers. This limited capacity for action of the chief information officer and the many stakeholders involved in governance poses an obstacle to greater effectiveness. The strategy therefore aims to reduce the number of information officers in order to maximize the consistency of government actions in the area of information technology. Moreover, the role of the chief information officer will be enhanced to entrust him with true capacity for action. This will be accomplished through legislative changes to the Act respecting the governance and management of the information resources of public bodies and government enterprises. More authority is needed to achieve expected major changes.

SOUND PLANNING

Measures will be established to compare and assess IT initiatives, in order to prioritize investments based on a cost/benefit analysis.

The centralized management of IT investments is comparable to the practices adopted to control public infrastructure projects, but it will be adapted to the specific technology context. Furthermore, capital assets in information resources are presented separately in the 2016-2017 Expenditure Budget. Given how integral information technology is to public service delivery, a fair balance must be struck between what needs to be coordinated and supervised centrally and what should be designed and carried out locally, in order to give the departments and bodies the agility they need to accomplish their respective missions and achieve government targets.

NEW APPROACHES

In a context where Québec's information resource needs are increasing, and considering the State's budget constraints, the Government undertook to introduce new methods and procedures in IT.

It unveiled the *Passport Enterprise* in October 2015. Through this initiative, the Government of Québec aims to open its markets even further, as increased participation of businesses in public contracts carries numerous advantages. For public bodies, this translates into:

- More competition and, therefore, better prices;
- A diversification of procurement sources, thereby reducing the risk of sole-source providers or products;
- The appearance of new businesses;
- Greater potential for original and innovative approaches and solutions.

In November 2015, the Government also published a specific draft regulation pertaining to information resources. This draft is part of the Government's long-term vision for information technology. It includes the notion of "total acquisition cost", which ensures better accounting of all of the costs associated with an acquisition throughout its useful life; provisions aiming to facilitate the acquisition of cloud computing services; and a new awarding method adapted to the reality of this sector (competitive dialogue procedure).

EXERCISING BETTER CONTROL OF PROJECT EXECUTION

Information technology projects are often long and complex, and require more rigorous management to ensure optimal tracking.

Considering the amount of money involved, it is important to continuously monitor projects, so as to exercise better control over them and ensure the best cost/benefit ratio for all IT investments.

An oversight committee will be constituted for major projects. It will oversee projects of interest to the government prior to their being authorized as well during their strategic stages throughout their execution. The committee will issue recommendations to the most senior managers of the bodies, who are accountable for their projects.

In addition, the publication of the dashboard's statement to the House of the Government of Québec is to transparent with the public. The act of making this information public encourages healthy management. Several improvements have also been made to the dashboard, and the Government is continuing efforts in this area. Among the anticipated improvements, the dashboard will integrate public body projects in its presentation efforts. What's more, the health status of information resources projects in the education network, including those of CEGEPS, universities and school boards, will be made public.

STRENGTHENING INTERNAL EXPERTISE

Public bodies must possess adequate internal expertise and ensure this expertise keeps up-to-date with technological developments. It is critical to ensure that the most critical roles are occupied by internal human resources.

The Government also plans to compile an information technology staffing profile and will ensure it is updated regularly. This will enable public bodies to anticipate shortages in specific roles and proactively ensure the continuity of IT services. It is a tool that will promote efficient human resources management.

A call for applications was launched in fall 2014 to fill 500 positions in the Government of Québec and enhance internal expertise. To date, some 1,400 applicants have qualified and the departments and bodies will thus soon be able to meet their information technology future needs by drawing from this candidate bank.

BRINGING GOVERNMENT CLOSER TO QUEBECERS

The Government du Québec remains steadfast in its efforts to achieve greater transparency. Information technology plays a pivotal role in meeting this objective. In a more general sense, this technology also helps to create a new model for how the Government and Quebecers can interact with each other.

Open data encourages transparency of public administration, facilitates Quebecers participation in developing innovative solutions and supporting economic development. The launch of a new open data portal will facilitate access to open data coming from the different levels of government. Moreover, the applications developed by the community of practitioners will be showcased on this new portal.

Among its many roles, information technology must serve to bring the Government closer to the population and improve access to government services. Obviously, not all government services will be able to effect this shift at the same rate, given the diversity of the clientele and their capacity to adapt to this new reality. The chief information officer will therefore conduct an in-depth reflection on the best strategies to deploy modern solutions to benefit the population and businesses, including by embracing the mobile revolution.

Moreover, in its desire to make government services more accessible, the Government will make Services Québec the main entry point for government services for Quebecers and businesses across Québec, by means of a truly modern and effective multiservice platform.

MAJOR INVESTMENTS IN PUBLIC INFRASTRUCTURES

With its 10-year \$88.7 billion infrastructure investment program, an increase of \$300 million compared to the 2015-2025 period, the Gouvernement du Québec will continue with the priority initiatives implemented in support of economic growth in Québec and ensure the maintenance of quality services to the public.

INVESTMENTS FOR THE IMPLEMENTATION OF MAJOR GOVERNMENT STRATEGIES

The 2016-2026 Québec Infrastructure Plan sets aside investments that will foster the economic growth of Québec across all sectors. This Plan includes:

- A major restructuring of school and sports infrastructure projects aimed at providing healthy and safe settings that are conducive to student development and attractive for school staff;
- Infrastructure investments for the implementation of such major government strategies as the Northern Plan, Maritime Strategy, Tourism Strategy and Transportation Electrification Action Plan.

A MAJOR RESTRUCTURING OF SCHOOL AND SPORTS INFRASTRUCTURE PROJECTS

Additional investments of \$650 million to upgrade primary and secondary schools

Significant new funding will be invested in maintenance and rehabilitation projects for primary and secondary educational institutions. Over a three-year period, the Government will invest \$500 million more to counter the problems of aging schools.

The Government also plans to add \$50 million over this same period for the construction of new gymnasiums. These investments will provide adequate sports facilities that will help promote physical activity among young people.

Lastly, \$100 million will be financed from the Green Fund for work to improve the energy efficiency of buildings and support the fight against climate change. These major investments, mainly allocated to school boards, will be carried out in all Québec regions.

These measures constitute a significant movement from the Government, the socio-economic effects of which will be added to over the coming years by those generated by the 2015-2025 Québec Infrastructure Plan, which provided for additions and enlargements of schools totalling \$1 billion to satisfy the medium-term needs of school boards.

Additional envelope of \$50 million for the Sports and Physical Activity Development Fund

Additional investments of \$50 million will be added to the Sports and Physical Activity Development Fund for the construction or development of new soccer fields, baseball diamonds, pools and other infrastructure across Québec.

Continuing the fight against the asset maintenance deficit and major investments in CEGEPs and universities

Additional measures of more than \$160 million will also be taken for CEGEPs and universities, mainly for the repair of buildings with severe deterioration. Here again, all regions of Québec will benefit from this significant addition.

For CEGEPs, the amount to be added is \$100 million over 10 years, primarily in the conversion of spaces to meet changing educational support needs and to maintain new spaces used over the past few years.

At the university level, new investments will be used primarily for the repair and transformation of buildings, as well as for the renewal of the equipment inventory. These investments demonstrate the Government's resolve to provide state-of-the-art laboratories and facilities to foster an appropriate learning environment for students and to maintain quality standards in the long term.

INVESTMENTS IN INFRASTRUCTURE ASSOCIATED WITH MAJOR GOVERNMENT STRATEGIES**Strategic infrastructure investments associated with the Northern Plan**

The Gouvernement du Québec is committed to re-launching the Northern Plan to stimulate economic growth and support the development of local and Aboriginal communities. Over the next 10 years, the Government plans to invest more than \$1.7 billion in infrastructure under the Northern Plan.

The construction of new public road, community and school infrastructure, such as that undertaken under the Northern Plan, will increase the potential for developing resources in remote regions, which helps create jobs in those regions.

Incremental and sound investments in the Maritime Strategy

Investments of more than \$450 million will be carried out under the Maritime Strategy, primarily for the upgrading of transportation equipment and infrastructure and to implement terminals for the transshipment of merchandise from one mode of transportation to another.

Investments in support of the Tourism Strategy in Québec's regions

In addition to \$40 million for artistic, cultural and sports infrastructure, the Government is increasing its investments in tourism infrastructure, with a further \$60 million earmarked over the next four years in buildings and other assets of the Société des établissements de plein air du Québec.

Furthermore, additional investments of \$50 million will be allocated for the development of the Route verte in order to provide a safe, well-functioning cycling network across Québec.

Investments in support of the Transportation Electrification Action Plan

Major investments are also planned over the next decade for the infrastructure under the Transportation Electrification Action Plan.

These capacity-building, responsible investments, added to a multitude of measures and projects announced over the past two years, will significantly boost government action in the area of transportation electrification.

Other initiatives to foster economic development and improve services

The Gouvernement du Québec will also make significant investments to repair local roadways, in accordance with what it announced under the Partnership Agreement with municipalities for the 2016-2019 period. An additional \$200 million will be devoted to local roads across Québec, to the tune of \$50 million a year over the next four years.

Moreover, an amount of \$106.5 million will be added and distributed over two years as of 2020-2021 for the construction of 1,500 new social housing units.

A RESPONSIBLE INVESTMENT PLAN

Since 2008, the Government has once again started to make major infrastructure investments, as there was a lot of catching up to do to eliminate the asset maintenance deficit that had accumulated over the previous decades.

Today, the Government faces a series of choices to restore a sustainable balanced budget. Public infrastructure investments must be managed astutely given the burden such investments constitute for Québec's public expenditures and debt, year after year.

The projects in the 2016-2026 Québec Infrastructure Plan reflect the Government's priorities and provides for a central envelope of \$10 billion, which may be allocated to projects to be approved soon.

Table 2**Investments by sector under the 2016-2026 Québec Infrastructure Plan**

(contribution of the Gouvernement du Québec, in millions of dollars and as a percentage)

	\$ million	%
Road network	17,322.0	19.5
Public transit	7,059.9	8.0
Marine, air, rail and other transportation	2,755.7	3.1
Health and social services	14,716.5	16.6
Education	8,855.0	10.0
Higher education and research	7,048.0	7.9
Culture	1,599.3	1.8
Municipal, sports, community and recreational infrastructure	8,396.5	9.5
Social and community housing	1,964.3	2.2
Government buildings	2,241.6	2.5
Information resources	3,330.8	3.8
Other sectors	3,395.4	3.8
Central envelope ¹	10,015.0	11.3
Total	88,700.0	100.0

Note: Figures are rounded and the sum of the amounts may not correspond to the total.

1 Envelope reserved for projects under study and potential projects not yet determined by the Government.

Furthermore, the Government's asset maintenance strategy was designed to respond to the need for the management and targeted allocation of the substantial funds available for the next decade. To this end, an overall picture of the inventory, condition and asset maintenance deficit of infrastructures is essential to set priorities, monitor the completion of these investments and their spin-offs on services rendered.

In this regard, the strategy for this overall picture was implemented using a reliable, gradual approach that allowed the Government to quickly prepare an initial report and to ensure continuous progress. The investments for public body infrastructure were thus prioritized in the short term.

This year, the Annual Management Plans for Public Infrastructure Investments were significantly updated as regards the inventory presentation, and two new sections were added to track the change in the condition of infrastructures and the asset maintenance deficit for each portfolio. This picture will support the short-term prioritization of additional amounts allocated to the school network to counter the deterioration of primary and secondary educational institutions and quickly restore them to a satisfactory condition.

As regards governance rules, a vast consultation with the departments and bodies concerned will be undertaken during the 2016-2017 fiscal year to develop a new management process for infrastructure projects of under \$50 million and for projects not subject to the Directive sur la gestion des projets majeurs d'infrastructure publique, but which nevertheless involve major public financing.

Lastly, the discussions and work with the Caisse de dépôt et placement du Québec are continuing. The public infrastructure agreement reached in January 2015 between the Government and the Caisse will enable the efficient realization of public infrastructures of major importance in Québec by harnessing the international experience of the Caisse in this area, while limiting the budgetary impact of such investments on the Government's balance sheet. This new method is an innovative way to finance public infrastructures in Québec.

FOLLOW-UP TO BE DONE FOLLOWING THE COMMISSION OF INQUIRY ON THE AWARDING AND MANAGEMENT OF PUBLIC CONTRACTS IN THE CONSTRUCTION INDUSTRY REPORT

Last November, the Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry released its report containing 60 recommendations for the Government. Among these, 14 concern the Secrétariat du Conseil du trésor. Work to address them will be carried out in the following fiscal year.

Actions have nevertheless been undertaken to strengthen the integrity of contract processes and improve competition. For instance, on 1 August 2015, a directive adopted by the Conseil du trésor came into force, to protect the integrity of contract processes, requiring public bodies to take a number of actions to ensure high-level contract management control. One of these actions was for public bodies to adopt internal conduct guidelines in this regard by February 1, 2016.

Furthermore, in October 2015, the Government announced the Passeport Entreprises, which presents actions to give businesses easier access to public contracts and improve the tendering process of the Gouvernement du Québec to make it even more transparent and rigorous. This plan also provided for the creation of a dedicated entity for the sound management of public contracts.



CONCLUSION

The year 2015-2016 marks the return to a balanced budget for Québec. Achieving this target does not mean that we should be less rigorous in the management of public finances. We need to continue on this path to avoid falling into the deficit trap again. The efforts made over the past two years were essential to ensure that we have the ability to choose those sectors in which we want to invest in the future. The cleaning up of public finances which has been achieved collectively provides some leeway to face the many challenges of the future.

With this balanced budget, the Government is laying the groundwork for sustainable prosperity for citizens and families. Québec has the means to support sustainable economic development, in all regions, driven by innovation and sustaining the transition to a greener economy. Many major projects are already under way: the Northern Plan will allow development of the territory north of the 49th parallel; the Maritime Strategy, covers that of the coastal zones of all Québec regions; and the Transportation Electrification Action Plan, covers that of our hydroelectric power, a clean and renewable energy source. To these projects the first Québec Digital Strategy will shortly be added.

These changes will only take place if Québec maintains control over public finances. We need to make sure that resources are truly allocated to priorities, that their management is guided by best practices and that taxpayers' capacity to pay is respected. It is by steadfastly respecting these rules that we can further Québec's prosperity.



Table 1. The number of subjects in each age group and the number of subjects who were included in the analyses

Age group	Number of subjects	Number of subjects included in analyses
10-11	10	10
12-13	10	10
14-15	10	10
16-17	10	10
18-19	10	10
20-21	10	10
22-23	10	10
24-25	10	10
26-27	10	10
28-29	10	10
30-31	10	10
32-33	10	10
34-35	10	10
36-37	10	10
38-39	10	10
40-41	10	10
42-43	10	10
44-45	10	10
46-47	10	10
48-49	10	10
50-51	10	10
52-53	10	10
54-55	10	10
56-57	10	10
58-59	10	10
60-61	10	10
62-63	10	10
64-65	10	10
66-67	10	10
68-69	10	10
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76-77	10	10
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